

GBA
GEORGIA BANKERS ASSOCIATION
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March 27, 2009

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Ref: Regulation E; Docket No. R-1343

Dear Ms. Johnson:

On behalf of the more than 350 commercial banks and thrifts who are members of the Georgia Bankers Association, I appreciate the opportunity to comment on the Federal Reserve System's proposal referenced above regarding overdraft fees. The proposal would limit the ability of a financial institution to assess an overdraft fee for paying ATM withdrawals and one-time debit card transactions that overdraw a customer's account, unless the customer is given the notice of the right to opt-out of the payment of overdrafts and the customer does not opt-out. As an alternative approach, the proposal would prohibit imposition of overdraft fees unless the customer has affirmatively opted-in to have such overdrafts paid. In addition, the proposal would prohibit financial institutions from assessing an overdraft fee if the overdraft would not have occurred but for a debit hold placed on funds in the customer's account that exceeds the actual amount of the transaction.

As I mentioned in our comment letter regarding another overdraft proposal you issued in the summer of 2008, "our member banks have worked hard to develop fair and impartial overdraft protection programs for the broad spectrum of customers that they serve. By any measure, these programs have been successful, accepted and appreciated across the board. While many of our member banks already offer an opt-out of this service, our hope is not to confuse customers about services they may already be receiving and once again, overload them with notices that are largely ignored."

Since the Board's own testing showed consumers expect and value overdraft programs, the GBA urges the Board to adopt a rule based on a customer's right to opt-out of overdraft accommodation programs and for banks to satisfy that option by offering alternative accounts that are reasonable or customary. We believe that those who choose to opt-out are in the minority and should not disadvantage the majority through a program to the contrary. We favor permitting either an all-in account level choice or a partial election limited to debit card transactions that properly recognizes how they are used and processed given operational limitations. We also encourage the Board to recognize the evolving nature of electronic payments and the need to continue to place the responsibility for account management on the accountholder. Regardless of how transactions are settled, the customer is still the only one who knows what is in the transaction pipeline before it gets to the bank.

As always, we are grateful for the opportunity to comment on this important proposal and recognize the value of this process. Please call on me for additional information if desired.

Sincerely,



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